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C O N F I D E N T I A L SECTION 01 OF 03 TAIPEI 001023

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E.O. 12958: DECL: 05/06/2032

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SUBJECT: FRANK HSIEH WINS DPP PRESIDENTIAL PRIMARY

Classified By: AIT Director Stephen M. Young,
Reasons: 1.4 (b/d)

¶1. (C) Summary: Former Premier Frank Hsieh is set to be named the DPP's presidential nominee following his surprisingly strong victory in the May 6 party primary. Premier Su Tseng-chang, DPP Chairman Yu Shyi-kun, and Vice President Annette Lu have pledged to support Hsieh, and all four have said they will work to quickly restore party unity to begin the campaign against KMT candidate Ma Ying-jeou in the presidential election, which will be held in January or March, 2008. Hsieh is a strong candidate and the contest between Hsieh and Ma is expected to be close. During the primary, Hsieh campaigned on a moderate platform that may allow a more flexible cross-Straits approach and a smoother legislative process than has existed during the Chen years. End Summary.

Comment

¶2. (C) That Hsieh and Ma are the DPP and KMT candidates is good news for cross-Straits stability and U.S.-Taiwan relations. Both Hsieh and Ma are cautious, pragmatic, and relatively moderate. While the election campaign may become heated, especially rhetorically, Ma and Hsieh will have to compete for the political center ground to win a majority of the votes. This should keep a check on most radical moves during the election period. End Comment.

¶3. (C) DPP voters on Sunday also selected party list and individual district candidates for the Legislative Yuan (LY) elections to be held in December 2007 or January 2008. A public opinion poll later this month on the LY candidates, plus a limited number of nominations by the DPP chairman, will complete the process of fielding a unitary DPP slate for the 2008 legislature. We will report the DPP LY primary results septel.

¶4. (C) Following former Premier Frank Hsieh's victory in the primary vote by DPP members on May 6, Premier Su Tseng-chang, DPP Chairman Yu Shyi-kun, and Vice President Annette Lu conceded. At a special meeting the evening of May 7, the DPP Central Executive Committee will cancel the planned second stage of the presidential primary process (a public opinion poll) and is likely to make a formal announcement that Frank Hsieh (Chang-ting) is the DPP's presidential nominee. Hsieh

will run against Ma Ying-jeou, the KMT presidential candidate announced by that party's Central Standing Committee on May 12. The presidential election will be held in either January or March, 2008, with the new president taking office May 20, 2008.

15. (C) Frank Hsieh won the May 6 primary election with 44.7 percent of the votes, well ahead of the 33.4 percent for Premier Su Tseng-chang, 15.8 percent for DPP Chairman Yu Shyi-kun, and 6.2 percent for Vice President Annette Lu. The 56 percent turnout was slightly lighter than expected. Su was disappointed by his weak showing in Taipei County, where he had been a popular magistrate from 1997 to 2004, his failure to win several counties in southern Taiwan despite endorsements by DPP magistrates, and the failure of the reformist New Tide and other key factions to deliver the votes. In Taipei and Kaohsiung Cities, Su did especially poorly, losing to Hsieh by two-to-one and three-to-one margins.

16. (C) In a discussion with AIT, Academia Sinica Research Fellow Hsu Yung-ming attributed Hsieh's victory to his success in uniting the political forces that opposed the New Tide faction, which supported Su. Hsieh capitalized on the relentless attacks by the Deep Green against the New Tide, who they charged with being too close to China and disloyal to the DPP and President Chen during the difficult period last summer and fall when the opposition was trying to unseat Chen over corruption allegations. Hsu believed that a significant number of voters who opposed the New Tide had shifted from supporting Yu to supporting Hsieh at the last minute because they viewed Hsieh as having a better chance of winning the election. In addition, Hsu said, Hsieh adeptly played the role of a victim after the publication several

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days before the election of a leaked confidential prosecutor's document alleging corruption by Hsieh. Hsieh's approach is always low-key, Hsu explained, gaining credit for self-restraint, while his legislator foot-soldiers fight no-holds-barred battles with Hsieh's opponents.

17. (C) DPP Legislator Bikhim Hsiao told us that while she had supported Su over Hsieh, this outcome will give her party a strong run at the presidency. Su, she said, had in the end been hampered in his role as Premier by the time and energy required to scrap with the pan-Blue LY majority on budget and Central Election Commission issues. Meanwhile, the experienced Hsieh ran a surprisingly effective campaign. The task within the DPP now is to put aside the rancor of the campaign and rally around its winner, Frank Hsieh. Hsiao confirmed that President Chen had been quietly campaigning for Su, but said this was not a major factor in the outcome, as Chen ultimately wanted the strongest candidate to win -- and he did.

18. (C) The primary competition turned tense in the late stages over the document leak and over charges by the other candidates that Su was misusing the premiership to promise local projects in return for political support. Not surprisingly, charges and counter-charges have created some rifts and bitterness in the party. Following the primary election, however, the four candidates have quickly expressed a desire to unite and work together to defeat the KMT, although VP Lu has had some bitter words for both the party headquarters and President Chen. Restoring unity will take time and effort, and Hsieh may be in no hurry to select a running mate. In thanking his supporters following the vote, Hsieh singled out former Kaohsiung Acting Mayor Yeh Chu-lan for special praise, underscoring her status as a potential vice presidential candidate. Su and the Hsieh camp traded some harsh words over the leaked document at the end of the campaign. Nonetheless, the possibility of Su becoming the vice presidential candidate should not be ruled out, if Hsieh and other DPP leaders conclude that this will help unite the party's factions and win the presidential election against

Ma.

¶9. (C) Hsieh and President Chen share a common interest in winning the presidential election in 2008. Therefore, they will work together now to keep the DPP in power. However, Hsieh is very much his own man, with ideas and an approach to politics that differ significantly from those of Chen. If Hsieh is elected president, Chen is likely to lose influence quickly, Hsu Yung-ming predicted. Hsu also suggested the possibility of some personnel changes, including a change in premier, perhaps as early as May 20, the anniversary of Chen's inauguration and the beginning of his final year in office.

¶10. (C) Despite criticism from the Deep Green throughout the primary campaign, Frank Hsieh maintained a consistent position that he would work within the existing status quo framework toward achieving long-term DPP goals. Specifically, he did not deviate from his opinion that Taiwan currently has a "one China" constitution, although, he added, this needs to be changed when there is overwhelming public support. In staking out a relatively flexible cross-Straits position, Hsu Yung-ming suggested, Hsieh may be hoping to have the type of dialogue with PRC leaders that has always eluded President Chen. During the campaign, Hsieh also stated repeatedly that he would work with members of the opposition to create a legislative majority so that the government could act on that legislation which did not raise cross-Straits sensitivities.

¶11. (C) In Taipei, the watch has already begun on Hsieh versus Ma. Ma and Hsieh both studied law at top universities overseas, Ma at Harvard and Hsieh at Kyoto University, and both have been party chairmen and mayors of major cities, Ma in Taipei and Hsieh in Kaohsiung. Both are relatively low-key and moderate. While Ma is a popular figure, Hsieh has an advantage in greater experience in election campaigns, both winning and losing, and in grassroots political work. Two polls conducted by the pro-Blue United Daily News one week apart, before and after the DPP primary, showed the gap between Ma and Hsieh narrowing from 52-21 to 43-28. Because

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this type of poll generally undercounts DPP support by ten or more percentage points, the real margin between Hsieh and Ma may already be close. Hsu Yung-ming predicted we should expect a close hard-fought election between Hsieh and Ma.

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